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Held at Headquarters, New York, on Tuesday, 2 November 1999, at 3 p.m.

Chairman: Mr. Zackheos ..... (Cyprus)

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The meeting was called to order at 3.15 p.m.

Expression of sympathy in connection with the recent cyclone in India and the recent crash of an Egyptian aircraft

1. *At the invitation of the Chairman, the members of the Committee observed a minute of silence as an expression of sympathy for the recent disasters which had struck India and Egypt.*

2. **Mr. Zaki** (Egypt) expressed appreciation for the Committee's sympathy.

Agenda item 88: United Nations Relief and Works Agency for Palestine Refugees in the Near East (A/54/13 and Add.1, 338, 345, 376, 377, 385 and 477)

3. **Mr. Hansen** (Commissioner-General, United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)), introducing his annual report to the General Assembly (A/54/13 and Add.1), which covered the period from July 1998 through June 1999, regretted that the approaching fiftieth anniversary of the establishment of UNRWA found the Agency still providing services to the third and fourth generation of Palestine refugees, currently numbering 3.6 million. The Agency planned to observe that sobering occasion appropriately, with information activities and displays of commemorative art works by refugees. The annual Pledging Conference had been scheduled on the anniversary date of the adoption of resolution 302 (IV) creating UNRWA, and he looked forward to continued strong support for the Agency's operations.

4. The renewal of the peace process and the more vigorous pursuit of final status issues, including the refugee issue, had naturally had a direct impact on both the Agency and the refugees it served. UNRWA itself was not in any way involved in the peace negotiations, but all parties recognized that it was vital to the process in that it was a source of social and economic well-being for the refugees and thus contributed to the necessary stability in the region.

5. The refugee communities remained poor and underserved because of inadequate financing for UNRWA, rising costs and limited domestic economic growth. The poorest refugees could barely cope with the basic needs of life.

6. With 1.5 million registered Palestine refugees — approximately 35 per cent of its total population — Jordan continued to host the largest number. They, however, benefited from a supportive official environment, enjoying full citizenship and access to government services and development assistance. In Lebanon, the employment restrictions imposed on non-Lebanese, the high cost of private services and the financial problems of UNRWA made the 370,000 Palestine refugees registered there the most disadvantaged of all. The 1997 Lebanon appeal funds were almost exhausted, and the extreme needs of the refugees in Lebanon had to be dealt with in the context of the renewed peace negotiations. In the West Bank, the situation of some 570,000 registered refugees had remained tense, with intermittent clashes between Palestinians and Israeli settlers. Citing security concerns, the Israeli authorities has imposed temporary closures and curfews, albeit fewer than in the previous reporting period, preventing Palestinians from working in Israel, and had imposed cumbersome entry and exit procedures that affected the mobility of UNRWA staff and goods. In the Gaza Strip, an estimated 40 per cent of the 800,000 registered refugees — 78 per cent of the population — lived in poverty. The Agency's successful income-generation and job-creation programme was reaching the most disadvantaged sections of society, including women. With repayment rates exceeding 95 per cent, the programme had moved from being donor-funded to being self-supporting, and had expanded.

7. Chairman Arafat, who had reiterated his appreciation for the work of UNRWA, had promised to point out to donors that funds for the Palestinian Authority could not cover UNRWA services, especially for the 60 per cent of registered Palestine refugees living outside the West Bank and Gaza. He had also promised to find a solution for the huge amount owed by the Palestinian Authority to UNRWA since 1995. UNRWA was squeezed between refugee needs and the cash shortage caused by unpaid liabilities of over $37 million, almost $21 million of which were owed by the Authority.

8. The welcome opening in October of the southern safe-passage route between Gaza and the West Bank should create vital economic, commercial and cultural links and, once it became routine, should lessen the sense of isolation in Gaza. Students from Gaza, for instance, would now be able to attend the Agency's training centres in the West Bank, and travel should be eased for UNRWA Palestinian staff.

9. The Agency's finances, described in the report and its addendum, continued to face a serious cash flow problem despite a budget surplus of some $5.6 million. It had been forced temporarily to use its income-generation and job-creation programme to meet the September payroll, and was still $5 million short for the December payroll, despite a special contribution by donors. Clearly that was no way to run an agency of that size and importance.

10. The 2000-2001 budget had undergone a major overhaul and the new format, reflecting a programme-driven budget, had been well received by both donors and the Advisory Committee on Administrative and Budgetary Questions (ACABQ). The budget was different in two major respects: all UNRWA units had been involved in its preparation on the basis of planning assumptions; and the outcome had been an integrated, forward-looking document that reflected the cost of activities more accurately and the various categories more logically and was more directly linked to programme plans. The new budget format had allowed UNRWA finally to rethink the austerity measures introduced in 1993 and to reinstate some of the affected services as part of the regular budget or as projects. ACABQ had suggested that a way should be found to increase the direct support that UNRWA received from the United Nations regular budget, and he would be making some specific proposals to the Secretary-General in that regard.

11. The budget reform had been undertaken as part of the ongoing management reform, which also included systems reform. The new rules governing some 22,000 Area staff would in the long term achieve cost rationalization. UNRWA was still attempting to improve its strategic planning; a start had been made with the establishment of a policy analysis unit a year earlier, which had taken the lead in creating the new budget format.

12. He drew attention to the results of the investigation conducted at his request by the Office of Internal Oversight Services (OIOS) into the allegations of corruption and financial impropriety levelled against UNRWA operations in Lebanon. The OIOS report (A/54/367) had once and for all laid the charges to rest, having disproved them or found them unsubstantiated. The OIOS team had made some useful recommendations, some of which had already been acted upon, and UNRWA would of course remain vigilant.

13. **Mr. Brattskar** (Norway), speaking as Rapporteur of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, introduced the Group's report (A/54/477). The Working Group had followed with concern the difficulties experienced by the Agency, in particular its serious financial situation. In 1998 UNRWA had had a budget deficit which it had had to cover out of working capital. In September 1999, the Agency had been obliged to use funds from its income-generation programme to meet the payroll and a similar situation was predicted for December unless the Agency received additional income. The Commissioner-General had therefore ordered the continuation of austerity measures introduced in previous years.

14. The Commissioner-General had made every effort to keep donors apprised of the Agency's financial situation and, after consultations, contributions had been pledged to help the Agency with its cash flow problem. However, in order to ensure a reliable and sustainable flow of funds, the Agency had appealed to donors to make payments of pledges earlier and on time. In 1999 the Agency had adopted a new, more transparent budgeting methodology for 2000-2001 and it was hoped that the new approach, aimed at enhancing the budget's usefulness as a planning, management and fund-raising tool, would result in increased donor resources being made available.

15. The Working Group was deeply concerned that seven years of austerity measures had seriously eroded the quality of the services provided by the Agency and stressed the responsibility of the international community to maintain acceptable levels of service. The Group commended the Commissioner-General and his staff on their efforts to eliminate the structural deficit, maintain basic operations despite constraints, increase fundraising and keep major donors and host authorities informed and involved. Any additional austerity cuts would cause severe hardship to an already suffering refugee population and place an increased burden on the host authorities.

16. He therefore urged all Governments to bear those circumstances in mind when deciding their level of contributions to the Agency for 2000 and once again urged Governments to begin contributing or increase contributions, to contribute in a timely manner and, in addition to funding special, emergency or capital projects, to consider making special contributions to cover the deficit and build up working capital so that UNRWA could maintain its regular programmes.

17. **Ms. Nasser** (Observer for Palestine) said that it would have been inconceivable in 1948 that, after more than five decades, the Palestine refugees would continue to languish in refugee camps dispersed throughout the Occupied Territory and the Middle East, denied their right of return and the redressing of their tragic plight by Israeli intransigence and non-compliance. The item under consideration addressed not only the tireless and invaluable work of UNRWA over the past 50 years but also the conditions and fate of the 3.6 million Palestine refugees. It was therefore imperative to reaffirm basic and constant principles, such as the refugees' right of return and right of compensation for property abandoned, lost or damaged. The inalienable individual right of the Palestine refugees to their homes and their property should not be confused with the right of displaced persons to return to the territory occupied by Israel since 1967, which should already have been

effected during the transitional period of the peace process. Furthermore, that right should itself not be confused with the right of every Palestinian to come to the Palestinian State and become a Palestinian citizen.

18. Since its establishment, UNRWA had played a crucial role in halting the deterioration of the situation and providing essential relief, health care, education and social services. The Agency's severe financial difficulties were of deep concern, and the widening gulf between resources and needs had both short-term and potentially grave long-term consequences. As a result, austerity measures remained in place and the level of services had been reduced, exacerbating the already heavy burdens of refugee families, who discerned political implications in the lack of international interest. Until a definitive solution to the refugee problem was reached, it was vital for UNRWA to continue working in all fields of operation at a level that met the humanitarian needs of the refugees. Allowing the financial crisis to be the primary determinant of the Agency's work was unfair to the refugees and unfair to UNRWA.

19. The countless daily obstacles encountered by the Palestinian people and the socio-economic hardships of the refugee population in the Occupied Palestinian Territory, including Jerusalem, created despair and frustration. Unfortunately, UNRWA operations continued to be obstructed by measures imposed by the Israeli authorities, affecting the provision of services to the refugees. The Agency should be allowed to carry out its mandate without constraints. It was also regrettable that the Commissioner-General's valuable, comprehensive report had, despite its early submission, been subject to unnecessary delays that did not foster constructive debate among delegations.

20. UNRWA and its donors and the host Governments had the gratitude of the Palestinian refugees as they awaited the just resolution of their plight.

21. **Mr. Abu-Nimah** (Jordan) affirmed his Government's support for UNRWA, which was continuing to provide essential services for Palestinian refugees under the experienced and able guidance of its Commissioner-General. He commended the Secretary-General of the United Nations for his sustained support for the Agency.

22. Just as the Palestinian issue was at the heart of the Arab-Israeli conflict, the question of the Palestinian refugees was central to the future of the peace arrangements that would follow the conclusion of a just, lasting and comprehensive peace based on the relevant international resolutions and in particular General Assembly resolution 194 (III), which clearly affirmed the right of the Palestinian refugees to return to their homes and to be paid compensation for loss of property. If the problem of the refugees, whose rights had been affirmed in article 9 of the Jordan-Israel Treaty of Peace, were to remain unsolved, the region would continue to be tense and unstable.

23. Over the last 50 years, Jordan had shouldered a far greater share of the burden represented by the Palestinian refugees than had any other party, placing enormous pressures on its resources and economy. Every cut-back in the services provided by UNRWA had increased the burden on Jordan. In 1998, direct government expenditure on the provision of services to refugees had been 4.75 times greater than the amount spent by UNRWA on such services. His country urged the international community to reject any reduction in the role of UNRWA until such time as the refugee problem had been settled in accordance with the relevant United Nations resolutions. It also urged donor countries to continue to provide support to UNRWA and enable it to continue to meet its responsibilities. As long as the problem that had led to the establishment of the Agency remained unsolved, its services would continue to be essential. The Agency had suffered a budget deficit since 1993 which currently stood at $67.1 million. The quality and level of service to the refugees was negatively affected by such a deficit, and the Agency was no longer able to provide basic educational, health and social services. Continued support for UNRWA was tantamount to support for the peace process. Any reduction in Agency services would therefore adversely affect the peace process. The services provided by the Agency were basic humanitarian services of the highest priority. They could not be reduced, particularly in view of the continual increase in the refugee population. While Agency personnel were commendably conscientious in carrying out their humanitarian responsibilities, they were constantly hampered by the restrictions imposed on them by the occupying Power. He urged Israel to halt such restrictions.

24. **Ms. Silfverberg** (Finland) spoke on behalf of the European Union. The Central and Eastern European countries associated with the European Union, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and the associated countries Cyprus and Malta aligned themselves with her statement.

25. UNRWA had made a tremendous contribution to the living conditions of the refugees and to social stability in the area, supplying essential services, physical infrastructure and vocational training. She noted especially the developmental social services for women, youth and persons with disabilities as well as the income-generation programme in

support of micro and small enterprises and the infrastructure and other activities carried out under its Peace Implementation Programme (PIP) and the Lebanon Appeal.

26. The European Union was concerned by the difficult financial situation which UNRWA continued to face despite measures to reduce expenditure but was pleased to note that the Agency had implemented reforms and restructuring in order to fulfil its programme goals in a more sustainable and cost-effective manner. The new unified budget structure for the biennium 2000-2001 would significantly improve budgetary transparency. She encouraged the Commissioner-General to continue efforts towards increased transparency and cost-effectiveness through new approaches to traditional activities while at the same time maintaining the quality of services. In that context, she welcomed the consultative process between the Agency, host Governments, the Palestinian Authority and donors in the area of management reforms.

27. The European Union remained the Agency's largest donor, providing assistance for education, health, relief and social programmes and would contribute approximately 120 million Euros in 1999 to 2001, in addition to the contributions made by individual member States and financial support provided by the European Commission for specific projects. Financial pledges made in 1999 and 2000 should cover all budget requirements for the year 2000 and she urged all States, in particular the wealthy States in the region, to increase their contributions.

28. It was to be hoped that a political solution would soon be found as part of a comprehensive, just and lasting peace in the area so as to conclude the Agency's mandate and transfer its functions to the Palestinian Authority. In that context, the Union welcomed the signing on 4 September of the Sharm el-Sheikh agreement which had opened the door to the resumption of negotiations on permanent status. The European Union remained committed to the Middle East peace process, would continue to play its full part and called on the international community to provide UNRWA with resources adequate to fulfil its mandate until such time as a comprehensive, just and lasting settlement had been found to the political problems which had led to the presence of Palestinian refugees in the Near East.

29. **Mr. Yoshikawa** (Japan) paid a tribute to UNRWA and its staff. Their work was vitally important and, despite severely limited resources, by improving the socio-economic conditions of the Palestinian refugees, they had strengthened the foundation for peace and contributed to regional stability. He also commended the neighbouring countries, in particular Jordan, the Syrian Arab Republic and Lebanon, which had extended assistance to so many Palestinian refugees despite their own economic difficulties.

30. He welcomed the signing of the Sharm el-Sheikh Memorandum, which should further strengthen trust between the parties and accelerate negotiations. He looked forward to a positive outcome of the meetings currently being held in Oslo among the leaders of the relevant parties and emphasized that the international community had a collective responsibility to support the parties concerned and to promote the Middle East peace process. In that context, his delegation hoped that the meeting of the Ad Hoc Liaison Committee held in Tokyo in October 1999 had given renewed impetus to the peace process.

31. Noting the Agency's critical financial situation as described in the report of the Commissioner-General (A/54/13), he urged Member States to support the Agency so that it could continue to implement its important mandate but also encouraged UNRWA to make further efforts to enhance the visibility of its activities since the ability of Governments to provide assistance depended to a large extent on public support. Given the difficult financial situations faced by many Member States, however, he called on UNRWA to explore creative measures to alleviate its financial difficulties through alternative sources of income such as contributions from the private sector and expanded joint programmes with international organizations.

32. Japan continued to maintain close contact with the Agency and, despite financial difficulties in recent years, had been and would continue to be one of the Agency's largest donors.

33. Convinced that human resources development was the foundation of economic and social development, the Japan International Cooperation Agency offered a fellowship programme for vocational training in Japan which, since the beginning of the programme in 1985, had awarded more than 160 fellowships while 21 Japanese experts had provided vocational training at UNRWA training centres. Hundreds of Palestinian refugee students had also benefited from the UNRWA university scholarship programme, to which Japan had contributed over US$ 6 million. The report of the Secretary-General on Offers by Member States of grants and scholarships for higher education, including vocational training for Palestine refugees (A/54/376) provided detailed information on those efforts.

34. **Mr. Brattskar** (Norway) noted the invaluable role played by UNRWA in providing assistance to the Palestinian refugees since the beginning of the peace process in 1993. Norway would therefore continue to be one of the major contributors. He expressed concern at the Agency's difficult

financial situation as described in the report of the Commissioner-General (A/54/13). As UNRWA approached its fiftieth anniversary, it was essential that the donor community maintain and even expand its support. A healthy financial situation for the Agency was of vital importance to the refugee population and their host countries as well as to the peace process. He was pleased to note that the OIOS report on allegations of corruption in Lebanon (A/54/367) had been distributed to donors and that UNRWA had made efforts to improve routines and become more transparent.

35. The peace process was at a critical but constructive stage, with meetings currently being held in Oslo between the parties, in the presence of President Clinton. He reiterated his delegation's conviction that political support by the international community must be accompanied by substantial economic assistance, in particular to the Palestinian people. UNRWA played a vital role in that context and it was the joint responsibility of the international community to enable the Agency to carry out the tasks that the General Assembly had assigned to it.

36. **Mr. Najem** (Lebanon) said that the question of the Palestinian refugees was no closer to being resolved after more than 40 years, because of the repressive practices of the Israeli authorities in the occupied territories and their consistent disregard for international resolutions and conventions. Israel also continued to carry out unjustified attacks on Palestinian refugee camps in Lebanon and had occupied southern Lebanon since 1978. It refused to respond to the wishes of the international community by implementing Security Council resolution 425 (1978), which called on Israel to withdraw its forces from all Lebanese territory.

37. There were currently more than 359,000 registered Palestinian refugees living in Lebanon. His country was therefore well aware of the importance of the role played by UNRWA. He reaffirmed the legitimate national rights of the Palestinian people and its right to establish an independent State, and the principle of the inadmissibility of the acquisition of territory by force, while stressing that Lebanon categorically rejected the permanent settlement of any Palestinian refugees in its territory. In its provision of services to the large number of refugees to which it was host, Lebanon was constrained by its poor economic situation caused by 15 years of war. The international community had a responsibility to compel Israel to implement the relevant international resolutions, and all donor countries must continue to contribute to UNRWA. If representatives of donor countries were to visit the refugee camps, the urgent humanitarian needs of the Palestinian refugees and their daily struggle for survival would become clear. UNRWA must be able to continue to provide satisfactory services to the more than 3 million Palestinian refugees who were dependent on it. The tragedy that had led to the establishment of UNRWA continued to pose a threat to the security and stability of the region and to restrict development potential, and there was growing concern in the region about the true reasons for the reduction in financial contributions to UNRWA by some donor countries. There were also dark suspicions regarding the settlement of Palestinian refugees in host countries. The only way to allay such suspicions was to increase contributions to UNRWA and ensure that United Nations resolutions concerning Palestinian refugees were implemented. Lebanon would continue to insist that the presence of the Palestinian refugees on its territory was only temporary: the national Constitution provided that no kind of settlement of such refugees could be contemplated on its territory.

38. **Mr. Ortique** (United States of America) reiterated his delegation's strong support for UNRWA, its reform efforts and the peace process. UNRWA continued to play an important humanitarian role in the lives of Palestinian refugees, especially with respect to their educational and health needs. As UNRWA's largest donor, his delegation supported reform efforts aimed at resolving its financial difficulties and suggested that its cash flow problems and deficit would be best resolved within the context of a broad fiscal reform package and the development of a strategic vision and management plan for its future. He therefore supported UNRWA's more open dialogue with its major supporters as well as its efforts to expand its donor base.

39. He took note of the Committee's concern for the welfare of the Palestinian community and highlighted the need for positive and constructive resolutions. His delegation could not, however, support unbalanced resolutions which attempted to prejudge the outcome of negotiations; lasting peace would come from agreements reached among the parties themselves, not from any action taken by the Committee. He therefore urged colleagues to support both UNRWA's commitment to reform and the region's commitment to peace.

40. **Mr. Zaki** (Egypt) pointed out that the Palestinian refugee crisis was the oldest case of refugees in the world and UNRWA had been providing relief, work and education for Palestinian refugees for 50 years, playing a pivotal role in preventing an escalation of the humanitarian crisis. He reaffirmed the inalienable rights of those refugees as confirmed by successive resolutions of the General Assembly, including the right of return, the right to their property and the right to compensation if they chose not to return. Settlement of the Palestinian refugee question based

on General Assembly resolution 194 (III) was an essential element in any just and permanent settlement.

41. The Agency must at least maintain its current level of services until a final and comprehensive solution was reached. He was concerned at the precarious financial situation described in the report of the Commissioner-General (A/54/13) and in the report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (A/54/477). The international community must provide sufficient resources to the Agency to enable it to maintain its programmes.

42. He once again stressed the distinction between Palestinian refugees and the services provided to them through UNRWA, on the one hand, and the rest of the Palestinian people and the support and assistance provided to them, on the other. The former was a shared responsibility of the international community until such time as an acceptable settlement was reached. His delegation therefore appealed to major donors, both countries and institutions, not to abandon the Palestinian refugees at such a delicate moment. Meeting the minimum needs of the refugees had a positive effect on their attitude towards the peace process. Any reduction in services would lessen their support for the peace process and leave them more susceptible to the voices of extremism and violence. He therefore reaffirmed his delegation's support for, and confidence in, the Agency and was confident that donors would continue to contribute to alleviating the suffering of those refugees until a settlement was reached and their rights were recognized.

43. He expressed dismay that the reports relevant to UNRWA had been made available to delegations only the previous day. His delegation found that situation unacceptable and requested the Chairman to investigate the reasons for such inordinate delays and to report his findings to the Committee.

44. **Mr. Al-Hosani** (United Arab Emirates) said that the systematic dispossession of the Palestinian people and expropriation of its homeland that had begun in 1948 with the massacres of Deir Yassin and Kafr Qasim and continued to the present day, pursuant to the Israeli Government's relentless implementation of its policy of occupation, expulsion, murder, and seizure of lands and goods, had placed a heavy responsibility on UNRWA. It had to provide humanitarian assistance, education, health and social services to the nearly 4 million registered Palestinian refugees scattered throughout Jordan, Lebanon, the Syrian Arab Republic, the West Bank and Gaza Strip. Despite the continual rise in refugee population numbers, there was a perceptible quantitative and qualitative reduction in the level of humanitarian services provided by the Agency, due to the shortfall in the financial contributions and support provided by donor countries. The Agency was therefore severely restricted in its ability to raise standards of living among the refugees throughout the diaspora. It was essential that donor countries and international development agencies should continue to provide support of every kind in order to improve conditions for the Palestinian refugees and enable UNRWA to resolve its long-standing financial crisis. His country was optimistic that a just and lasting settlement would be found to the problem of the Palestinian refugees during the final stage of negotiations between the Palestinian and Israeli sides.

45. Such a solution must be based on Security Council and General Assembly resolutions, and, in particular, resolution 194 (III) concerning the return of the Palestinian refugees to their homes, and must respect the provisions of international law, the principle of land for peace and the Fourth Geneva Convention. In view of the central importance of the issue of the Palestinian refugees to the question of Palestine, it was essential for the United Nations to continue to champion that cause until such time as the refugees could return in dignity and security to their homes and establish an independent state on the land of Palestine, with Jerusalem as its capital.

The meeting rose at 5 p.m.